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Rev. R.O. 07/19-1994
Rev. R.O. 08/09-1994
Rev. R.O. 08/15-1994
Rev. R.O. 08/19-1994
Rev. R.O. 02/17-1995
Rev. R.O. 08/13-1997
Rev. R.O. 09/29-1999
Rev. R.O. 09/30-1999

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND

PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this ____ day of _____ **2000** ~~19~~__, in
pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844),
as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), as
amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively
hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF

1 AMERICA, hereinafter referred to as the United States, and _____,
2 hereinafter referred to as the Contractor, a public agency of the State of California, duly
3 organized, existing, and acting pursuant to the laws thereof, with its principal place of business in
4 _____, California;

5 WITNESSETH, That:

6 EXPLANATORY RECITALS

7 WHEREAS, the United States has constructed and is operating the Central Valley
8 Project, California for diversion, storage, carriage, distribution and beneficial use, for flood
9 control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and
10 restoration, generation and distribution of electric energy, salinity control, navigation and other
11 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the
12 San Joaquin River and their tributaries; and

13 [DIVISIONAL ISSUE] WHEREAS, the United States constructed
14 _____, hereinafter collectively referred to as the _____ facilities, which
15 will be used in part for the furnishing of water to the Contractor pursuant to the terms of this
16 interim renewal contract; and

17 [DISTRICT ISSUE] WHEREAS, the Contractor and the United States entered
18 into Contract No. _____ as amended, which provided the Contractor, Central Valley
19 Project water from the _____ from _____ to
20 _____ and

21 WHEREAS, the Contractor and the United States entered into interim renewal
22 contract(s) identified as Contract No(s). _____, the latter of which is

hereinafter referred to as the Existing Interim Renewal Contract, which provided for the continued water service to the Contractor from _____ through _____; and

WHEREAS, the Contractor has requested a subsequent interim renewal contract pursuant to the Existing Interim Renewal Contract, Federal Reclamation law and the laws of the State of California, for water service from the Central Valley Project; and

WHEREAS, the United States has determined that the Contractor has to date fulfilled all of its obligations under the Existing Interim Renewal Contract; and

WHEREAS, The Contracting Officer has determined that the Contractor has the capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable and beneficial use for, the quantity of Project Water to be made available to it pursuant to this interim renewal contract; and

[DISTRICT ISSUE] WHEREAS, rights of renewal of Contract No. _____ and to convert said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939 (53 Stat. 1187), are set forth in said contract; and

WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water service contracts until the completion of appropriate environmental documentation, including a programmatic environmental impact statement ("PEIS") pursuant to the National Environmental Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA and the potential renewal of all existing contracts for Project Water; and

WHEREAS, in order to continue water service provided under Project water service contracts that expire prior to the completion of the PEIS, the United States intends to

1 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for
2 successive interim periods of not more than two (2) Years in length, until appropriate
3 environmental documentation, including the PEIS, is finally completed, at which time the
4 Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a
5 long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such
6 long-term renewal contracts for successive periods not to exceed 25 Years each; and

7 WHEREAS, the Contracting Officer intends to assure uninterrupted water service
8 and continuity of contract through the process set forth in Article 2 hereof; and

9 WHEREAS, the United States is willing to ~~enter into a subsequent~~ renew the
10 Existing Interim Renewal Contract for a two (2) Year term pursuant to Section 3404(c)(1) of
11 the CVPIA on the terms and conditions set forth below;

12 NOW, THEREFORE, in consideration of the mutual and dependent covenants
13 herein contained, it is hereby mutually agreed by the parties hereto as follows:

14 DEFINITIONS

15 1. When used herein unless otherwise distinctly expressed, or manifestly incompatible
16 with the intent hereof, the term:

17 (a) "Calendar Year" shall mean the period January 1 through December 31,
18 both dates inclusive;

19 (b) "Charges" shall mean the payments in addition to the Rates determined
20 annually by the Contracting Officer, required by the Federal Reclamation law, including
21 Section 3407 of the CVPIA;

1 (c) [District ~~Issue~~] "Contractor's Service Area/~~boundaries~~" shall mean the area
2 to which the Contractor is permitted to provide Project Water under this interim renewal
3 contract;

4 (d) "CVPIA" shall mean the Central Valley Project Improvement
5 Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

6 (e) "Delivered Water" shall mean Project Water made available to
7 the Contractor and diverted at the point(s) of delivery approved by the Contracting
8 Officer;

9 (f) "Eligible Lands" shall mean all lands to which Irrigation Water may
10 be delivered in accordance with Section 204 of the Reclamation Reform Act of
11 October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

12 (g) "Excess Lands" shall mean all lands defined as excess in
13 Section 204 of the RRA, other than those lands exempt from acreage limitation under
14 Federal Reclamation law;

15 (h) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
16 or 202(3) of the RRA, whichever is applicable;

17 (I) "Ineligible Lands" shall mean all lands to which Irrigation Water may not
18 be delivered in accordance with Section 204 of the RRA;

19 (j) "Irrigation Water" shall mean Project Water which is used primarily
20 in the production of agricultural crops or livestock, including domestic use
21 incidental thereto, and watering of livestock;

1 (k) "Landholder" shall mean an individual or entity attributed with the total
2 irrigable acreage of one or more tracts of land situated in one or more districts owned
3 and/or operated under a lease which is served with Irrigation Water pursuant to a contract
4 with the United States;

5 (l) "M&I Water" shall mean water made available from the Project other than
6 Irrigation Water. M&I Water shall include water used for purposes such as the watering
7 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment
8 or water delivered to landholding operated in units of less than _____ acres unless the
9 Contractor establishes to the satisfaction of the Contracting Officer that the use of water
10 delivered to any such landholding is a use described in subdivision (j) of this Article;

11 (m) "O&M" shall mean normal and reasonable care, control, operation, repair,
12 replacement, and maintenance of Project facilities;

13 (n) "Operating Non-Federal Entity" shall mean a Non-Federal entity which has
14 the obligation to operate and maintain all or a portion of the [Division] facilities pursuant
15 to an agreement with the United States;

16 (o) "Project" shall mean the Central Valley Project owned by the
17 United States and operated by the Department of the Interior, Bureau of Reclamation;

18 (p) "Project Water" shall mean all water that is developed, diverted, stored, or
19 delivered by the United States in accordance with the statutes authorizing the Project and
20 in accordance with the terms and conditions of applicable water rights permits and licenses
21 acquired by and/or issued to the United States pursuant to California law;

(q) "Rates" shall mean the payments determined annually by the Contracting Officer in accordance with the then current applicable water ratesetting policies for the Project;

(r) "Secretary" or "Contracting Officer" shall mean the Secretary of the United States Department of the Interior or his duly authorized representative;

(s) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year;

TERM OF CONTRACT - RIGHT TO USE OF WATER

2. (a) This interim renewal contract shall be effective from **March 1, 2000** _____ and shall remain in effect through **November 30, 2000**_____.

The parties anticipate that they will engage in good faith negotiations intended to permit the execution of a 25 Year long-term renewal contract contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a "long-term renewal contract", by the end of the term hereof.

The parties recognize the possibility that this schedule may not be met. Accordingly:

(1) The parties will negotiate in good faith the terms of a long-term renewal contract until at least June 1, 2000. On or after that date the parties may from time to time evaluate progress toward execution of a long-term contract by November 30, 2000.

(2) This interim renewal contract will be renewed without change upon the request of either party for the period from December 1, 2000 to February 28, 2001, if (I) a long-term renewal contract is executed by November 30, 2000 ~~and~~ which contains an effective date of March 1, 2001; or (ii) the parties have not completed the negotiations on the long-term renewal contract by June 1, 2000, believe that further negotiations on that contract would be

1 beneficial, and mutually commit to continue to negotiate to seek to reach agreement; or (iii) the
2 PEIS has not been filed with the United States Environmental Protection Agency by January 1,
3 2000.

4 (3) In the event (i) the Contractor and Contracting Officer have reached
5 agreement on the terms of the Contractor's long-term renewal contract or (ii) the Contractor and
6 Contracting Officer have not completed the negotiations on the Contractor's long-term renewal
7 contract, believe that further negotiations on that contract would be beneficial, and mutually
8 commit to continue to negotiate to seek to reach agreement, but (iii) all environmental
9 documentation required to allow execution of the Contractor's long-term renewal contract by
10 both parties has not been completed in time to allow execution of the Contractor's long-term
11 renewal contract by November 30, 2000, then (iv) the parties will expeditiously complete the
12 environmental documentation required of each of them in order to execute the Contractor's long-
13 term renewal contract at the earliest practicable date. In addition, the Contractor's then current
14 interim renewal contract will be renewed without change upon the request of either party through
15 the agreed-upon effective date of the Contractor's long-term renewal contract or, in the absence
16 of agreement on the terms of the Contractor's long-term renewal contract, through ~~the next~~
17 succeeding February 28, 2001.

18 (4) Provided that this interim renewal contract is not subject to renewal
19 under the terms described in subdivision (2) or (3) of this Article, if after June 1, 2000, a party
20 determines that the parties have reached an impasse which they have been unable to resolve and
21 which precludes agreement on the long-term renewal contract, that party may notify the other that
22 it has concluded that there is no reasonable likelihood of executing the long-term renewal contract
23 by November 30, 2000. In the event of such notice, the parties will immediately agree to a

1 schedule and process for negotiating the terms (other than any terms that would impair continuity
2 of water supply or continuity of contract) of and executing a interim renewal contract which will
3 be in effect from December 1, 2000 to February 28, 2001; provided that neither party will
4 propose for inclusion in the interim renewal contract any provision not previously included in an
5 existing interim renewal contract which it had previously proposed for inclusion in the long-term
6 renewal contract and which was the subject of an impasse in the long-term contract negotiations.
7 The schedule will provide for completion of the negotiations of the terms of that contract by
8 November 1, 2000 and for execution of the contract by November 15, 2000. The parties each
9 acknowledge the right of either party to seek judicial relief in connection with any impasse
10 reached in connection with negotiation of the long-term renewal contract and/or an interim
11 renewal contract that would become effective on or after December 1, 2000.

12 (b) The parties acknowledge that the Contractor asserts that it is entitled as a matter of
13 law to an interim renewal contract of longer duration than nine (9) months, and that the
14 Contracting Officer asserts that it is under no obligation to provide the Contractor with an interim
15 renewal contract of any particular duration. Accordingly, the parties further acknowledge that (i)
16 the foregoing process represents a mutual accommodation to facilitate their joint desire to
17 proceed with the development of a long-term renewal contract in an expeditious and orderly
18 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of
19 the Contractor to a subsequent interim renewal contract should it become necessary, and the
20 terms thereof, and (iii) their agreement to the process and interim renewal contract terms
21 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such
22 rights or positions, all of which are and will be expressly preserved.

(cb) Except as provided in subdivision (a) of this Article, until completion of all appropriate environmental review, ~~including the programmatic environmental impact statement (PEIS) required by section 3409 of the CVPIA,~~ and provided that the Contractor has complied with all the terms and conditions of the interim renewal contract in effect for the period immediately preceding the requested successive interim renewal contract, this interim renewal contract will be renewed, upon request of the Contractor, for successive interim periods each of which shall be no more than two (2) Years in length. Also, except as provided in subdivision (a) of this Article, in order to promote orderly and cost effective contract administration, the terms and conditions in subsequent interim renewal contracts shall be identical to the terms and conditions in ~~this~~ the interim renewal contract immediately preceding the subsequent interim renewal contract: Provided, however, That each party preserves the right to propose modification(s) in any interim renewal contract other than those described in subdivision (a) of this Article, in which case the parties shall negotiate in good faith appropriate modification(s) to be included in any successive interim renewal contracts. Said modification(s) of each successive interim renewal contract shall be agreed upon within a reasonable time prior to the expiration of the then existing interim renewal contract. Nothing in this Article shall in any way alter the obligation that, upon final completion of the PEIS and any necessary supplemental environmental documentation, the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each. The Contractor asserts that Contract No. _____ and existing law go beyond the preceding sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting Officer disagrees with that assertion. The parties agree that this interim renewal contract preserves the rights and positions of the parties and that

1 the omission of language in this interim renewal contract setting out the rights asserted by the
2 Contractor to successive renewals is not intended to be, nor shall it be interpreted as, a waiver of
3 any such rights to the extent any such rights are later determined to exist by a court of competent
4 jurisdiction or by mutual agreement of the parties. If a court of competent jurisdiction or the
5 parties by mutual agreement determine that incorporation of such language in this interim renewal
6 contract is necessary to preserve such rights, this interim renewal contract shall be construed as
7 incorporating such language as though fully set forth herein as of the effective date hereof.

8 (b) **[DISTRICT ISSUE]** The omission of language in this interim renewal contract
9 providing for conversion of this interim renewal contract or any subsequent renewals thereof to a
10 repayment contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the
11 Contractor's right to assert a right to have such language included in subsequent renewals of this
12 interim renewal contract or to exercise such conversion, all as provided by law, or to negotiate the
13 language regarding such conversion to be included in subsequent renewal contracts.

14 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

15 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and
16 consistent with applicable State water rights, permits and licenses, the Contractor is entitled to,
17 and the Contracting Officer shall be obligated to make available to the Contractor up to
18 ____X____ acre-feet of Project Water **for irrigation and/or municipal and industrial purposes**
19 **during the term of this interim renewal contract** ~~any Year for irrigation and/or municipal and~~
20 ~~industrial purposes.~~, **such amount to be delivered to the Contractor during the term of this interim**

1 renewal contract and the period from December 1, 2000, through February 28, 2001, pursuant to
2 a subsequent contract. The quantity of Project Water delivered to the Contractor in accordance
3 with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the provisions of
4 Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the Contractor intends
5 to put to reasonable beneficial use within the Contractor's Service Area/boundaries or sold,
6 transferred, or exchanged pursuant to Article 9 during the term of this interim renewal contract
7 any Year.

8 (b) The Contractor shall utilize the Project Water made available to it pursuant
9 to this interim renewal contract in accordance with all applicable requirements of any Biological
10 Opinion addressing the execution of this interim renewal contract developed pursuant to Section 7
11 of the Endangered Species Act of 1973 as amended, and in accordance with environmental
12 documentation as may be required for specific activities, including conversion of Irrigation Water
13 to M&I Water.

14 (c) The Contractor shall make reasonable and beneficial use of Project Water
15 or other water furnished pursuant to this interim renewal contract. [Divisional Issue] In addition,
16 use of Project Water in a ground-water recharge program shall be permitted under this contract to
17 the extent that it is carried out in accordance with California law; Provided, however, that such
18 ground-water recharge program cannot be undertaken unless and until the Contractor submits a
19 ground-water management plan pursuant to California law that demonstrates that such ground-
20 water recharge program will result in a reasonable and beneficial use of such water.

21 (d) If the Contracting Officer determines that Project Water, or other water
22 available to the Project, can be made available to the Contractor in addition to the quantity of

1 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
2 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any
3 quantity of such water, the Contracting Officer shall make such water available to the Contractor
4 in accordance with applicable statutes, regulations, guidelines ,and policies.

5 (e) [DIVISIONAL ISSUE] If the Contractor requests permission to
6 reschedule for use during the subsequent Year some or all of the Project Water made available to
7 the Contractor during the current Year or to use, during the current Year, that quantity of Project
8 Water the United States has agreed to make available to the Contractor during the subsequent
9 Yyear, the Contracting Officer may permit such uses in accordance with applicable statutes,
10 regulations, guidelines, and policies.

11 (f) The Contractor's right pursuant to Federal Reclamation law and applicable
12 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any
13 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal
14 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under
15 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence
16 shall affect the Contracting Officer's ability to impose shortages under subdivision (b) of Article
17 12 of this interim renewal contract and the applicable provisions of any such renewal thereof.

18 (g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water
19 furnished to the Contractor pursuant to this interim renewal contract may be delivered for
20 purposes other than those described in subdivisions (j) and (l) of Article 1 upon written approval
21 by the Contracting Officer in accordance with the terms and conditions of such approval.

TIME FOR DELIVERY OF WATER

4. (a) On or about February 15, of each Calendar Year, the Contracting Officer shall declare the amount of Project Water estimated to be made available to the Contractor pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall make available the forecast of Project operations, with relevant supporting information, upon the written request of the Contractor or its representatives. Upon written request of the Contractor, the Contracting Officer shall provide the basis of the estimate which shall include, but not be limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of Project reservoirs, projected CVPIA impacts, projected Endangered Species Act, and all other regulatory impacts.

(b) On or before each March 1, the Contractor shall submit to the Contracting Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting Officer, showing the times, and quantities of Project Water to be delivered by the United States to the Contractor during the upcoming Year pursuant to this interim renewal contract, and, consistent with subdivision (a) of Article 3 herein.

(c) Subject to the conditions set forth in subdivision (a) of Article 3, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) above of this Article, or any revision(s) thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) The Project Water to be furnished to the Contractor pursuant to this interim renewal contract shall be made available to the Contractor at _____ and any additional point or points of delivery either on Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

(b) [DISTRICT ISSUE] The Contracting Officer shall make all reasonable efforts to maintain sufficient flows and levels of water in the _____ Canal to furnish Project Water to the Contractor at the turnout(s) established as a delivery point(s) pursuant to (a) of this Article.

(c) Irrigation Water furnished to the Contractor pursuant to this interim renewal contract shall be delivered by the Contractor in accordance with any applicable land classification provisions of Federal Reclamation law and the associated regulations. Project Water shall not be delivered to land outside the Contractor's Service Area/boundaries unless approved in advance by the Contracting Officer.

(d) All Project Water delivered to the Contractor pursuant to this interim renewal contract shall be measured and recorded with equipment furnished, installed, operated, and maintained by the United States or the responsible Operating Non-Federal Entity at the point or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of either party to this interim renewal contract, the Contracting Officer shall investigate the accuracy of such measurements and shall take any necessary steps to adjust any errors appearing therein. The Contractor shall advise the Contracting Officer on or before the 10th calendar day of each month of the quantity of M&I Water taken during the preceding month.

(e) Neither the United States nor any Operating Non-Federal Entity shall be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water made available to the Contractor pursuant to this interim renewal contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any damage or claim arising out of (i) acts performed by the United States or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the United States or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers, employees, agents, or assigns including any responsible Operating Non-Federal Entity.

MEASUREMENT OF WATER WITHIN THE DISTRICT

6. (a) ~~[Contract Unique Issue] Within two (2) years of the effective date of the Existing Interim Renewal Contract,~~ the Contractor shall ensure that, unless the Contractor has established an alternative measurement program satisfactory to the Contracting Officer, all surface water delivered for irrigation purposes within the Contractor's Service Area/boundaries is measured at each agricultural turnout and such water delivered for municipal and industrial purposes is measured at each municipal and industrial service connection. All water measuring

1 devices or water measuring methods of comparable effectiveness must be acceptable to the
2 Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining
3 and repairing all such measuring devices and implementing all such water measuring methods at
4 no cost to the United States. The Contractor shall use the information obtained from such water
5 measuring devices or water measuring methods to ensure proper management of the water; to bill
6 water users for water delivered by the Contractor; and, if applicable, to record water delivered for
7 municipal and industrial purposes by customer class as defined in its water conservation plan.
8 Nothing herein contained, however, shall preclude the Contractor from establishing and collecting
9 any charges, assessments, or other revenues authorized by California law. The Contractor shall
10 include a summary of its annual surface water deliveries in the annual report described in
11 subdivision (d) of Article 25.

12 (b) **[Contract Unique Issue]** ~~To the extent the information has not otherwise~~
13 ~~been provided, upon execution of this interim renewal contract, the Contractor shall provide to~~
14 ~~the Contracting Officer a written report describing the measurement devices or water measuring~~
15 ~~methods used or to be used to implement subdivision (a) of this Article and identifying the~~
16 ~~agricultural turnouts and the municipal and industrial service connections or alternative~~
17 ~~measurement programs approved by the Contracting Officer, at which such measurement devices~~
18 ~~or water measuring methods are being used, and, if applicable, identifying the locations at which~~
19 ~~such devices and/or methods are not yet being used including a time schedule for implementation~~
20 ~~at such locations. The Contracting Officer shall advise the Contractor in writing within ninety~~
21 ~~(90) days as to the adequacy of, and necessary modifications, if any, of the measuring devices or~~
22 ~~water measuring methods identified in the Contractor's report and if the Contracting Officer does~~

1 ~~not respond in such time, they shall be deemed adequate. Within six (6) months following the~~
2 ~~Contracting Officer's response, the parties shall negotiate in good faith the earliest practicable date~~
3 ~~by which the Contractor shall modify said measuring devices and/or measuring methods as~~
4 ~~required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.~~

5 (c) All new surface water delivery systems installed within the Contractor's
6 Service Area/boundaries after the effective date of this interim renewal contract shall also comply
7 with the measurement provisions described in subdivision (a) of this Article.

8 (d) The Contractor shall inform the Contracting Officer and the State of California
9 in writing by April 30 of each Year of the monthly volume of surface water delivered within the
10 Contractor's Service Area/boundaries during the previous Year.

11 RATES AND METHOD OF PAYMENT FOR WATER

12 7. (a) The Contractor shall pay the United States in monthly payments as
13 provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant
14 to this interim renewal contract. Such payments shall consist of the applicable Rates and Charges
15 determined annually in accordance with applicable Federal law and associated regulations. The
16 Rates and Charges applicable upon execution of this interim renewal contract are set forth in
17 Exhibit "A."

18 (b) The Contracting Officer shall notify the Contractor of the Rates and
19 Charges as follows:

20 (1) Prior to July 1, of each Calendar Year, the Contracting Officer shall
21 provide the Contractor the preliminary calculation of the Charges that will be applied for the

1 period October 1 of the current Calendar Year, through September 30, of the following Calendar
2 Year, and identify the statutes, regulations and guidelines used as the basis for such calculations.

3 On or before September 15 of each Calendar Year, the Contracting Officer shall notify the
4 Contractor in writing of the Charges to be in effect during the period October 1 of the current
5 Calendar Year, through September 30 of the following Calendar Year, and such notification shall
6 revise Exhibit "A."

7 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
8 shall make available to the Contractor an estimate of the Rates of payment for the following Year
9 and the computations and cost allocations upon which those Rates are based. The Contractor
10 shall be allowed not less than two months to review and comment on such computations and cost
11 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the
12 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall
13 revise Exhibit "A."

14 (c) At the time the Contractor submits the initial schedule for the delivery of
15 Project Water ~~for each Year~~ pursuant to subdivision (b) of Article 4 of this interim renewal
16 contract, the Contractor shall pay the United States the total amount payable pursuant to the
17 applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim renewal
18 contract during the first two (2) calendar months of the ~~term of this interim renewal contract~~
19 ~~Year~~. Before the end of the first month or part thereof of the ~~term of this interim renewal~~
20 ~~contract Year~~, and before the end of each calendar month thereafter, the Contractor shall pay
21 pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this
22 interim renewal contract during the second month immediately following. Adjustments between

1 the payments for the scheduled amount of Project Water and the appropriate payments for
2 quantities of Delivered Water furnished pursuant to this interim renewal contract each month shall
3 be made before the end of the following month: Provided, That any revised schedule submitted
4 by the Contractor pursuant to Article 4 which increases the amount of Project Water to be
5 delivered pursuant to this interim renewal contract during any month shall be accompanied with
6 appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in
7 advance of such payment. In any month in which the quantity of Delivered Water furnished to the
8 Contractor pursuant to this interim renewal contract equals the quantity of Project Water
9 scheduled and paid for by the Contractor, no additional Project Water shall be made available to
10 the Contractor unless and until payment of Rates for such additional Project Water is made. Final
11 adjustment between the payments of Rates for the Project Water scheduled and the quantities of
12 Delivered Water furnished ~~during each Year~~ pursuant to this contract shall be made as soon as
13 possible but no later than ~~January 31, 2001~~ April 30th of the following Year.

14 (d) The Contractor shall pay all Charges owing for Delivered Water before the
15 end of the month following the month of delivery. Such amounts shall be consistent with the
16 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report
17 for the subject month. The water delivery report shall be regarded by the Contractor as a bill for
18 the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment
19 of Charges shall be accomplished through the adjustment of Charges due to the United States in
20 the next month. ~~By January 15, 2001~~ March 31, of each Year, the Contractor shall make any
21 additional payment of Charges it is obligated to make for Delivered Water furnished to the

1 Contractor pursuant to this contract. ~~for the previous Year.~~ The amount to be paid for past due
2 payment of Charges shall be computed pursuant to Article 19 of this interim renewal contract.

3 (e) The Contractor shall pay for any Project Water provided under subdivision
4 (d) or (e) of Article 3 as determined by the Contracting Officer pursuant to applicable statutes,
5 regulations, guidelines, and policies.

6 (f) Payments to be made by the Contractor to the United States under this
7 interim renewal contract may be paid from any revenues available to the Contractor.

8 (g) Revenues received by the United States pursuant to this interim renewal
9 contract shall be allocated and applied in accordance with Federal Reclamation law, including but
10 not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and subsection
11 (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of Section 3407
12 of the CVPIA, and the associated regulations, including but not limited to, the Project Irrigation
13 Water ratesetting policy and the Project M&I ratesetting policy promulgated pursuant to the
14 Administrative Procedures Act.

15 (h) At the Contractor's request, the Contracting Officer shall provide to the
16 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
17 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
18 determine that the allocation of expenses and disposition of all revenues received was
19 accomplished in conformance with Federal Reclamation law and the associated regulations. The
20 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
21 discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

1 (I) The parties acknowledge and agree that the efficient administration of this
2 interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that
3 mechanisms, policies, and procedures used for establishing Rates and Charges, and/or for making
4 and allocating payments, other than those set forth in this Article would be in the mutual best
5 interest of the parties, it is expressly agreed that the parties may enter into agreements for
6 alternative mechanisms, policies, and procedures for any of those purposes while this interim
7 renewal contract is in effect without amending this contract.

8 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

9 8. [Contract Unique issue] The Contractor and the Contracting Officer have entered
10 into a written agreement specifying a mutually acceptable mechanism through which the
11 Contractor will retired its outstanding non-interest bearing operation and maintenance deficits.
12 The Contractor and the Contracting Officer concur that at the time of execution of this interim
13 renewal contract, the Contractor has no non-interest bearing operation and maintenance deficits
14 and shall have no further liability therefor.

15 TRANSFERS OR EXCHANGES OF WATER

16 9. The right to Project Water provided for in this interim renewal contract may be
17 sold, transferred, or exchanged to others for beneficial uses within the State of California if such
18 sale, transfer or exchange is authorized by applicable Federal laws, State laws, and applicable
19 guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water shall
20 include, and the Contracting Officer shall apply this Article in a manner that does not impede or
21 restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor historically

1 carried out with approval of the Contracting Officer under Contract No. _____.

2 No sale, transfer, or exchange of the right to Project Water under this interim renewal contract
3 may take place without the prior written approval of the Contracting Officer.

4 APPLICATION OF PAYMENTS AND ADJUSTMENTS

5 10. (a) The amount of any overpayment by the Contractor shall be applied first to
6 any accrued indebtedness arising out of this interim renewal contract then due and payable by the
7 Contractor. Any amount of such overpayment then remaining shall, at the option of the
8 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United
9 States from the Contractor under the provisions hereof in the following months. With respect to
10 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone having
11 or claiming to have the right to the use of any of the water supply provided for herein.

12 (b) All advances for miscellaneous costs incurred for work requested by the
13 Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has
14 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
15 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
16 billed for the additional costs pursuant to Article 24.

17 TEMPORARY REDUCTIONS--RETURN FLOWS

18 11. (a) Subject to: (I) the authorized purposes and priorities of the Project; and
19 (ii) the obligations of the United States under existing contracts, or renewals thereof, providing

1 for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to
2 optimize Project Water deliveries to the Contractor as provided in the contract.

3 (b) The United States may temporarily discontinue or reduce the quantity of
4 Project Water to be delivered to the Contractor as herein provided for the purposes of
5 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any
6 part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible
7 the Contracting Officer will give the Contractor due notice in advance of such temporary
8 discontinuance or reduction, except in case of emergency, in which case no notice need be given:
9 Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction
10 in such service. Upon resumption of service after such reduction or discontinuance, and if
11 requested by the Contractor, the United States will, if possible, deliver the quantity of Project
12 Water, which would have been delivered hereunder in the absence of such discontinuance or
13 reduction: Provided further, That with respect to any quantity of Project Water not delivered
14 after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment
15 obligations for such quantity of Project Water.

16 (c) The United States reserves the right to all seepage and return flow water
17 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond
18 the Contractor's Service Area/boundaries: Provided, That this shall not be construed as claiming
19 for the United States any right to seepage or return flow being put to reasonable and beneficial
20 use pursuant to this interim renewal contract within the Contractor's Service Area/boundaries by
21 the Contractor or those claiming by, through, or under the Contractor.

WATER SHORTAGE AND APPORTIONMENT

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a condition of shortage in the quantity of water to be made available to the Contractor pursuant to this contract. Insofar as determined by the Contracting Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable, notify the Contractor of such determinations as soon as possible.

(b) If there is a reduction in the total water supply available to the Contractor during the term of this interim renewal contract any Year because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom, so long as actions based upon the opinions or determinations of the Contracting Officer are consistent with the standards in Article 18.

(c) ~~If in any Year in which there is may occur~~ a shortage for any of the reasons specified in subdivision (b) ~~above~~ of this Article, the Contracting Officer shall apportion the available Project Water supply among the Contractor and others entitled, under existing contracts and future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of the United States.

(d) [Divisional Issue].

1 UNAVOIDABLE GROUND-WATER PERCOLATION

2 13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess
3 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are
4 irrigated with ground water that reaches the underground strata as an unavoidable result of the
5 furnishing of Irrigation Water by the Contractor to Eligible Lands.

6 COMPLIANCE WITH FEDERAL RECLAMATION LAW

7 14. This interim renewal contract shall be implemented in accordance with all
8 applicable provisions of Federal Reclamation law, as amended and supplemented.

9 WATER AND AIR POLLUTION CONTROL

10 15. The Contractor, in carrying out this contract, shall comply with all applicable water
11 and air pollution laws and regulations of the United States and the State of California, and shall
12 obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

13 QUALITY OF WATER

14 16. (a) Project facilities used to make available and deliver Project Water to the
15 Contractor pursuant to this interim renewal contract shall be operated and maintained to enable
16 the United States to make available and deliver Project Water to the Contractor in accordance
17 with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50
18 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other
19 existing Federal laws. The United States is under no obligation to construct or furnish water
20 treatment facilities to maintain or to better the quality of Project Water furnished to the

Contractor pursuant to this contract. The United States does not warrant the quality of Project Water made available and delivered to the Contractor pursuant to this contract.

(b) The operation and maintenance of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Service Area/boundaries. This Article shall not affect or alter any legal obligations of the Secretary to provide drainage services.

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
FROM THE UNITED STATES

17. Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Irrigation Water furnished pursuant to the terms of this interim renewal contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (I) if the facilities utilized for commingling Irrigation Water and non-Project water were constructed without funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be established through the certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area/boundaries can be established and the quantity of

1 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
2 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-Project
3 water are constructed with funds made available pursuant to Federal Reclamation law, the non-
4 Project water will be subject to Federal Reclamation law, until such funds have been repaid.
5

6 OPINIONS AND DETERMINATIONS

7 18. (a) Where the terms of this interim renewal contract provide for actions to be
8 based upon the opinion or determination of either party to this contract, said terms shall not be
9 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
10 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,
11 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
12 damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each
13 opinion or determination by either party shall be provided in a timely manner.

14 (b) The Contracting Officer shall have the right to make determinations necessary to
15 administer this interim renewal contract that are consistent with the expressed and implied
16 provisions of this contract, the laws of the United States and the State of California, and the rules
17 and regulations promulgated by the Secretary of the Interior. Such determinations shall be made
18 in consultation with the Contractor to the extent reasonably practicable.

19 CHARGES FOR DELINQUENT PAYMENTS

19. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount shall be applied, first to the penalty, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

EQUAL OPPORTUNITY

20. During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or

workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

GENERAL OBLIGATION--BENEFITS
CONDITIONED UPON PAYMENT

21. (a) The obligation of the Contractor to pay the United States as provided in this contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this contract. The United States shall not make water available to the

Contractor through project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor shall not furnish water made available pursuant to this contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

COMPLIANCE WITH CIVIL RIGHTS LAWS
AND REGULATIONS

22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(c) The Contractor makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this Article, and that the United States reserves the right to seek judicial enforcement thereof.

PRIVACY ACT COMPLIANCE

23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in maintaining landholder acreage certification and reporting records, required to be submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

(b) With respect to the application and administration of the criminal penalty provisions of the Act (5 U.S.C. 552a(I)), the Contractor and the Contractor's employees responsible for maintaining the certification and reporting records referenced in (a) above are considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

1 (c) The Contracting Officer or a designated representative shall provide the
2 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
3 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
4 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
5 information contained in the landholder's certification and reporting records.

6 (d) The Contracting Officer shall designate a full-time employee of the Bureau
7 of Reclamation to be the System Manager who shall be responsible for making decisions on
8 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
9 Contractor is authorized to grant requests by individuals for access to their own records.

10 (e) The Contractor shall forward promptly to the System Manager each
11 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
12 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
13 Manager with information and records necessary to prepare an appropriate response to the
14 requester. These requirements do not apply to individuals seeking access to their own
15 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
16 requester elects to cite the Privacy Act as a basis for the request.

17 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

18 24. In addition to all other payments to be made by the Contractor pursuant to this
19 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
20 and detailed statement submitted by the Contracting Officer to the Contractor for such specific
21 items of direct cost incurred by the United States for work requested by the Contractor associated
22 with this interim renewal contract plus a percentage of such direct costs for administrative and
23 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.
24 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in
25 advance by the Contractor. This Article shall not apply to costs for routine contract
26 administration.

27 WATER CONSERVATION

1 25. (a) Prior to the delivery of water provided from or conveyed through Federally
2 constructed or Federally financed facilities pursuant to this contract, the Contractor shall be
3 implementing an effective water conservation program based on the Contractor's water
4 conservation plan that has been determined by the Contracting Officer to meet the conservation
5 and efficiency criteria established under Federal law. The water conservation program shall
6 contain definite water conservation objectives, appropriate economically feasible water
7 conservation measures, and time schedules for meeting those objectives.

8 (b) Should the **combined** amount of M&I Water delivered pursuant to
9 subdivision (a) of Article 3 **during the term of this interim renewal contract and the period from**
10 **December 1, 2000 through February 28, 2001, pursuant to any subsequent contract** equal or
11 exceed 2,000 acre-feet ~~per Year~~, the Contractor shall implement the Best Management Practices
12 identified by and the time frames issued by the California Urban Water Conservation Council
13 unless any such practice is determined by the Contracting Officer to be inappropriate for the
14 Contractor.

15 (c) As part of the water conservation program, the Contractor shall develop
16 and be implementing a tiered block water pricing program that promotes conservation and the
17 efficient management of Project Water during the term of this contract. Such pricing program for
18 Project Water shall take into account all relevant circumstances, including without limitation,
19 water shortages imposed under this interim renewal contract and the availability and cost of the
20 Contractor's and individual water user's non-Project alternative sources of supply, including
21 ground water and other non-Project water supplies, so that the Contractor's pricing structure
22 provides incentives for conservation and the efficient management of overall water supply
23 available to water users served by the Contractor. Provided, That no such tiered block water

pricing program need be implemented by the Contractor if the Contracting Officer determines, based on information provided by the Contractor, that (I) such a pricing structure will not result in significant conservation of water available for use within the Contractor's service area, including ground water or (ii) other pricing program, conservation or management measures are more appropriate and/or will result in comparable or better conservation of the water supplies available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of the CVPIA.

(d) The Contractor shall submit to the Contracting Officer by December 31, of each Calendar Year, an annual report on the status of its implementation of the water conservation program.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

26. Except as specifically provided in Article 17 of this contract, the provisions of this interim renewal contract shall not be applicable to or affect water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area/boundaries from other than the United States by the Contractor. Any such water shall not be considered Project Water under this contract. In addition, this interim renewal contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area/boundaries acquires or has available under any other contract pursuant to the Federal Reclamation law.

OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

27. [DIVISIONAL ISSUE] (a) The responsibility for performing and, in some cases funding the operation and/or maintenance (O&M) of all or any portion or portions of the [division] facilities may be transferred to an Operating-Non-Federal Entity by one or more separate agreements between the United States and the Operating Non-Federal Entity. Any such agreements shall require the Operating Non-Federal Entity to perform the O&M in compliance with the provisions of this Contract and shall not interfere with the rights and obligations of the Contractor or the United States hereunder.

(b) If so notified in writing by the Contracting Officer, the Contractor shall pay directly to such Operating Non-Federal Entity in accordance with such notice, (1) that portion of the Rate (s) to be paid the United States pursuant to this Contract which the Contracting Officer determines is the Contractor's appropriate share of the costs of the O&M of the [division] facilities transferred to the Operating Non-Federal Entity for O&M; and (2) all appropriate additional amounts charged or assessed by the Operating Non-Federal Entity for the O&M of the [division] facilities. Such direct payments to such Operating Non-Federal Entity shall not relieve the Contractor of its obligation to pay directly to the United States its allocated share of the remaining costs for the O&M of the Project.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

28. The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

1 BOOKS, RECORDS, AND REPORTS

2 29. The Contractor shall establish and maintain accounts and other books and records
3 pertaining to administration of the terms and conditions of this contract, including: the
4 Contractor's financial transactions, water supply data, and Project land and right-of-way
5 agreements; the water users' land-use (crop census), landownership, land-leasing and water use
6 data; and other matters that the Contracting Officer may require. Reports thereon shall be
7 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
8 Officer may require. Subject to applicable Federal laws and regulations, each party to this
9 contract shall have the right during office hours to examine and make copies of the other party's
10 books and records relating to matters covered by this contract.

11 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

12 30. (a) The provisions of this contract shall apply to and bind the successors and
13 assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest
14 therein shall be valid until approved in writing by the Contracting Officer.

15 (b) The assignment of any right or interest in this interim renewal contract by
16 either party shall not interfere with the rights or obligations of the other party to this interim
17 renewal contract absent the written concurrence of said other party.

18 SEVERABILITY

19 31. In the event that a person or entity who is neither (I) a party to a Project interim
20 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project
21 interim renewal contract, nor (iii) an association or other form of organization whose primary
22 function is to represent parties to Project interim renewal contracts, brings an action in a court of
23 competent jurisdiction challenging the legality or enforceability of a provision included in this
24 interim renewal contract and said person, entity, association, or organization obtains a final court
25 decision holding that such provision is legally invalid or unenforceable and the Contractor has not
26 intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal contract
27 shall use their best efforts to (I) within thirty (30) days of the date of such final court decision
28 identify by mutual agreement the provisions in this interim renewal contract which must be

1 revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s).
2 The time periods specified above may be extended by mutual agreement of the parties. Pending
3 the completion of the actions designated above, to the extent it can do so without violating any
4 applicable provisions of law, the United States shall continue to make the quantities of Project
5 Water specified in this interim renewal contract available to the Contractor pursuant to the
6 provisions of this interim renewal contract, which were not found to be legally invalid or
7 unenforceable in the final court decision.

8 OFFICIALS NOT TO BENEFIT

9 32. No Member of or Delegate to Congress, Resident Commissioner, or official of the
10 Contractor shall benefit from this contract other than as a water user or landowner in the same
11 manner as other water users or landowners.

12 CHANGES IN CONTRACTOR'S BOUNDARIES

13 33. While this contract is in effect, no change may be made in the Contractor's
14 boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise,
15 except upon the Contracting Officer's written consent.

16 NOTICES

17 34. Any notice, demand, or request authorized or required by this contract shall be
18 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
19 delivered to the Area Manager _____, and on
20 behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors
21 of the _____. The designation of the addressee or the address may
22 be changed by notice given in the same manner as provided in this Article for other notices.

IN WITNESS WHEREOF, the parties hereto have executed this interim renewal
contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

(SEAL) NAME OF DISTRICT/ENTITY

By: _____
President

Attest:

Secretary